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## City Council

### Approval of Labor Contract with the Olympia Police Guild

**Agenda Date:** 5/23/2017  
**Agenda Item Number:** 4.G  
**File Number:** 17-0562

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**Type:** contract **Version:** 1 **Status:** Passed

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**Title**

Approval of Labor Contract with the Olympia Police Guild

**Recommended Action**

**Committee Recommendation:**

Not referred to a committee.

**City Manager Recommendation:**

Move to approve the labor agreement with the Olympia Police Guild and authorize the City Manager to execute the agreement.

**Report**

**Issue:**

Whether to approve the labor contract between the City of Olympia and the Olympia Police Guild

**Staff Contact:**

Jay Burney, Assistant City Manager, Executive Department, 360.753.8740

**Presenter(s):**

None - Consent Calendar Item.

**Background and Analysis:**

The labor agreement with the Olympia Police Guild (Guild) expired on December 31, 2016. The contract covers fifty-five (55) Police Officers in the City's Police Department. The new agreement has been ratified by the Union and City staff is now bringing it forward for approval.

The new proposed contract for Council consideration is attached.

The contract has a three-year term that will expire on December 31, 2019. Significant changes to the contract are in the areas of wages and benefits.

**Wages**

Wage increases in the prior Guild contract were based on Sales Tax increases over the prior year, with a 2% minimum and a 4% maximum wage increase. The new contract retains this approach;

however, a change was made to the Sales Tax table to provide better equity in terms of the Sales Tax generated and the corresponding wage increase.

Wage increases in the prior contract were based on the following:

| <u>Gross Sales Tax Increase Over Prior Year</u> | <u>Pay Range Increase</u>          |
|---|------------------------------------|
| 0-3.99%   | 2% Minimum                         |
| 4.0%-4.99%                                      | 1% additional increase added to 2% |
| 5% and above                                    | 4% Maximum                         |

Wage increases in the new contract are as follows:

| <u>Gross Sales Tax Increase Over Prior Year</u> | <u>Pay Range Increase</u>          |
|---|------------------------------------|
| 0-3.99%   | 2% Minimum                         |
| 4.0%-5.99%                                      | 1% additional increase added to 2% |
| 6% and above                                    | 4% Maximum                         |

#### Medical/Dental/Vision Benefits

The Guild will remain on their current Association of Washington Cities (AWC) Health Plans in 2017. Beginning in 2018, the Guild's benefits will shift from their current AWC Health Plans that will no longer be offered, to new AWC Health Plans. The move to the new health plans will generate approximately \$132,000 per year in savings to the General Fund during this contract period.

#### VEBA

The shift to the new AWC Health Plans in 2018 will lead to higher out-of-pocket costs for Guild members. The Guild requested that a portion of the savings generated be used to pay for a Voluntary Employees Beneficiary Association (VEBA) plan contribution for each member in 2018 and 2019 to offset the higher out-of-pocket costs. A VEBA is a tax-free health reimbursement account which can continue year over year, and can be used by members and their eligible dependents to reimburse for qualified health expenses. The City will make a \$1,000 contribution to a VEBA for each member in 2018 and 2019 only. Any future VEBA contributions would need to be negotiated in future contracts.

The cost to the City for the VEBA contributions is \$45,000 per year, which will come out of the savings generated.

The total savings to the City minus the VEBA contribution is \$87,032 in 2018 and \$93,634 in 2019. Staff is counting on the additional savings generated from this changeover to balance the 2018 and 2019 Operating Budgets.

The remainder of the contract changes is general and/or clean-up items or added language based on operational or management needs.

#### **Neighborhood/Community Interests (if known):**

N/A

#### **Options:**

1. Move to approve the labor agreements with the Olympia Police Guild and authorize the City Manager to execute the agreement.
2. Do not approve the labor agreement with the Olympia Police Guild as proposed and direct staff as to next steps.
3. Move to approve the labor agreement with the Olympia Police Guild as amended by Council, and authorize the City Manager to execute the agreement.

**Financial Impact:**

The cost to the City for implementing this contract in 2017 is \$198,745, which is already included in the 2017 budget. A summary of the economic agreements is attached.

**Attachments:**

2017-2019 Labor Contract - Olympia Police Guild

Economic Agreement Summary - 2017-2019 Olympia Police Guild Labor Contract